

City of San Diego
Notice of Public Hearing
CDBG-R Second Reallocation

The City of San Diego was allocated a supplementary Community Development Block Grant - Recovery (CDBG-R) award of \$4,033,900 under the American Recovery and Reinvestment Act of 2009. The U.S. Department of Housing and Urban Development (HUD) strongly urges CDBG-R funds to be spent to further economic investment, increased energy efficiency, and job creation or retention. On June 1, 2009, the City Council accepted and allocated \$4,033,000 of the \$4,033,900 grant amount. This hearing is to accept and allocate the remaining \$900 in grant funds and to reallocate \$7,000 previously allocated to Proposition 1C housing projects to an eligible activity. An electronic copy of the proposed second reallocation will be posted on the City's CDBG website at www.sandiego.gov/cdbg/general from November 10 - November 24, 2009.

The proposed substantial amendment will be considered by City Council during their regularly scheduled meeting on November 23, 2009 at:

City Administration Building
Council Chambers, 12th Floor
202 C Street
San Diego, CA 92101

Public comments will be accepted during this hearing. In addition, written comments will be accepted prior to the public hearing at the CDBG Program office (1200 Third Avenue, Suite 1400, San Diego, CA 92101) or by email (vwhite@sandiego.gov) through November 24, 2009.



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 10, 2009 REPORT NO: 09-158
ATTENTION: Council President and City Council REVISED
SUBJECT: Community Development Block Grant Recovery (CDBG-R) Second
Reallocation Hearing

REQUESTED ACTION:

1. Adopt the reallocation of \$7,000 previously allocated to Proposition 1C projects, and authorize the Chief Financial Officer to appropriate and expend the remaining \$900 of the City of San Diego's CDBG-R funds in conformance with the amended Second Substantial Amendment to the Fiscal Year 2009 Annual Action Plan and prior to program expiration, contingent upon certification of funds availability by the Chief Financial Officer
2. Authorize the Mayor or his designee to negotiate and execute agreements with those agencies selected for administration of projects and programs associated with CDBG-R funding, contingent upon certification of fund availability by the Chief Financial Officer.

STAFF RECOMMENDATION:

Adopt the Requested Actions.

SUMMARY:

The Community Development Block Grant (CDBG) Program is a block grant program that enables local governments to undertake activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income. Through the 2009 American Recovery and Reinvestment Act (ARRA), the U.S. Department of Housing and Urban Development (HUD) is awarding stimulus funding to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG program. The grant program under Title XII of the ARRA is commonly referred to as the CDBG Recovery (CDBG-R) program.

The City of San Diego, as a CDBG grantee, received \$4,033,900 in CDBG-R funds. In order to access this funding, the City of San Diego submitted an application in the form of a Second Substantial Amendment to the FY 2009 Annual Action Plan to HUD on June 5, 2009, as authorized by the City Council on June 1, 2009. The Second Substantial Amendment to the FY 2009 Annual Action Plan identified six activities or projects for CDBG-R funding: 1) San Diego Apartments affordable housing rehabilitation project; 2) Euclid Court Apartments affordable

housing rehabilitation project; 3) Mount Hope/Market Street Median and Street Lighting project; 4) Montgomery Waller Recreation Center ADA Improvements project; 5) local matching funds for Proposition 1C Projects; and 6) Administration.

The resolution adopted by the City Council on June 1, 2009 only appropriated \$4,033,000 of the City's CDBG-R Entitlement (\$4,033,900), leaving an unappropriated balance of \$900. Then, Council allocated \$1,807,000 of the CDBG-R Entitlement as a local match to Proposition 1C Projects. The City was notified in early July that the California Department of Housing and Community Development (HCD) did not accept the above mentioned \$1,807,000 as Proposition 1C matching funds.

On August 31, 2009 staff brought back the item and City Council reallocated only \$1,800,000 of the \$1,807,000 initially allocated to the Proposition 1C Projects to other eligible housing rehabilitation projects, leaving an unallocated balance of \$7,000.

In order to be in compliance with the U.S. Housing and Urban Development Department (HUD), the City must allocate the entire Entitlement award to various projects. Therefore, the City must allocate the remaining balance of \$7,000 from the Proposition 1C projects and the unappropriated \$900 from the City's CDBG-R award to an eligible project.

Staff is recommending that the total balance of \$7,900, be allocated to the Mount Hope Market Street Median and Street Lighting project for construction-related engineering costs.

FISCAL CONSIDERATIONS:

This action will not result in any fiscal impacts to the City's General Fund.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

City Council – August 31, 2009

City Council – June 1, 2009

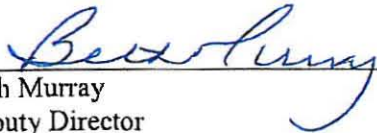
Land Use and Housing Committee and Public Safety and Neighborhood Services Committee – May 20, 2009 (special joint session)

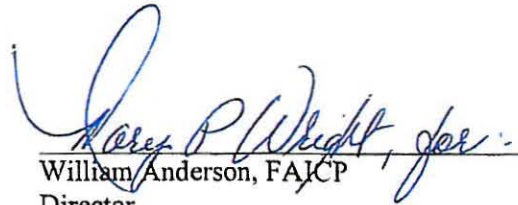
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

A Public Notice for the proposed reallocation is being published in the Union Tribune, San Diego Daily Transcript, La Prensa, the Voice & Viewpoint, Channel 24 (CityTV), and the City's CDBG program webpage (www.sandiego.gov/cdbg/general). The public will have an opportunity to comment when the City Council considers adoption of the reallocation at a public meeting.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Residents of low and moderate income communities.


Beth Murray
Deputy Director
Economic Development Division


William Anderson, FAICP
Director
City Planning & Community Investment